

NORTHEAST LOUISIANA SUBSTANCE ABUSE, INC.  
WINNSBORO, LOUISIANA

FINANCIAL STATEMENTS  
AND  
ACCOUNTANT'S REPORT

JUNE 30, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date OCT 12 2011

NORTHEAST LOUISIANA SUBSTANCE ABUSE, INC.  
WINNSBORO, LOUISIANA  
JUNE 30, 2011

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Northeast Louisiana Substance Abuse, Inc.  
Winnsboro, Louisiana

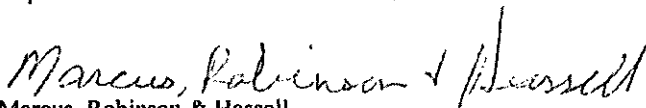
We have audited the accompanying statement of financial position of Northeast Louisiana Substance Abuse, Inc. (a Nonprofit Organization) as of June 30, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Northeast Louisiana Substance Abuse, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northeast Louisiana Substance Abuse, Inc. as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated August 11, 2011, on our consideration of Northeast Louisiana Substance Abuse, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

  
Marcus, Robinson & Hassell  
Winnsboro, Louisiana  
August 11, 2011

NORTHEAST LOUISIANA SUBSTANCE ABUSE, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2011

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents (Notes 1 & 2)	51,399
Grant Receivable (Note 1)	<u>13,923</u>
<u>TOTAL CURRENT ASSETS</u>	<u>65,322</u>

<u>FURNITURE AND EQUIPMENT, NET (Note 3)</u>	<u>718</u>
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<u>TOTAL ASSETS</u>	<u>66,040</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accrued Payroll Taxes	4,031
Due to State	<u>1,127</u>
<u>TOTAL CURRENT LIABILITIES</u>	<u>5,158</u>

NET ASSETS

Invested in Capital Assets	718
Unrestricted	<u>60,164</u>
<u>TOTAL NET ASSETS</u>	<u>60,882</u>

<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>66,040</u>
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See Notes to Financial Statements

NORTHEAST LOUISIANA SUBSTANCE ABUSE, INC.  
STATEMENT OF ACTIVITIES  
JUNE 30, 2011

UNRESTRICTED NET ASSETS

PUBLIC SUPPORT AND REVENUES

Grant - State of Louisiana	134,805
DESAP Fees	123,873
Interest Income	21
Miscellaneous Income	<u>1,132</u>

<u>TOTAL SUPPORT UNRESTRICTED</u>	259,831
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EXPENSES

Personal Services	241,242
Travel	488
Operating Services	10,900
Supplies	2,672
Depreciation	253
Professional Services	<u>12,650</u>

<u>TOTAL EXPENSE</u>	<u>268,205</u>
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<u>CHANGE IN NET ASSETS</u>	(8,374)
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<u>NET ASSETS, Beginning of Year</u>	<u>69,256</u>
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<u>NET ASSETS, End of Year</u>	<u>60,882</u>
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See Notes to Financial Statements

NORTHEAST LOUISIANA SUBSTANCE ABUSE, INC.  
STATEMENT OF CASH FLOWS  
JUNE 30, 2011

OPERATING ACTIVITIES

Change in Net Assets	(8,374)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	253
Decrease in Grants Receivable	2,727
Decrease in Accounts Receivable	8,684
Increase in Accrued Payroll Taxes	3,015
Increase in Due To State	<u>1,127</u>

NET CASH USED BY OPERATING ACTIVITIES 7,432

CASH FLOWS FROM INVESTING ACTIVITIES -0-

Purchase of Fixed Assets

NET CASH USED IN INVESTING ACTIVITIES -0-

NET INCREASE IN CASH AND CASH EQUIVALENTS 7,432

BEGINNING CASH AND CASH EQUIVALENTS 43,967

ENDING CASH AND CASH EQUIVALENTS 51,399

See Notes to Financial Statements

NORTHEAST LOUISIANA SUBSTANCE ABUSE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Northeast Louisiana Substance Abuse, Inc. (NELSA) was incorporated on June 30, 1978, as a non-profit corporation. The purpose of the corporation as expressed in its articles of incorporation is to provide for the establishment of a network of assistance that makes available all services meeting the range of needs of the person in trouble with substance abuse. At present this consists of providing a comprehensive drug-free outpatient treatment and related services and providing driver education courses for individuals mandated by the courts.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The financial statements are reported on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Bad Debts

Uncollectible accounts receivable are charged directly against earnings when they are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by generally accepted accounting principles.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

Income Taxes

NELSA is exempt from Federal and State income taxes under Section 501(c) 3 of the Internal Revenue Code. Therefore, no provision for income taxes has been made in these financial statements.

Depreciation and Amortization

Furniture and equipment are recorded at cost when purchased or, if donated, at fair market value at date of donation.

Depreciation of furniture and equipment is provided using the straight-line method.

Budgetary Practices

Northeast Louisiana Substance Abuse, Inc. prepares an annual budget which is approved by the Board of Directors.

Cash and Cash Equivalents

Cash in checking, savings, and certificates of deposit is considered cash and cash equivalents for the purposes of the statement of cash flows.

Grants Receivable

The Grants receivable represents amounts due from the State of Louisiana for reimbursement of expenses incurred under the current contract.

Income Tax Status

NELSA has received a letter of determination from the Internal Revenue Service advising it that it qualifies as a non-profit corporation under Section 501(c) 3 of the Internal Revenue Code, and, therefore, is not subject to income tax.

NORTHEAST LOUISIANA SUBSTANCE ABUSE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposits, interest bearing demand deposits, and time deposits. Under state law, the Northeast Louisiana Substance Abuse, Inc. must deposit funds in demand deposits, interest bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

At June 30, 2011, the carrying amount of the corporation's deposits with the financial institutions was \$67,811 and the book balance was \$51,399. These deposits are fully secured by federal deposit insurance.

NOTE 3 - FURNITURE AND EQUIPMENT

A summary of furniture and equipment follows:

Furniture and Equipment	13,315
Less: Accumulated Depreciation	<u>12,597</u>
Net Furniture and Equipment	<u>718</u>
Current Depreciation	<u>253</u>

Furniture and equipment are stated at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets.

NOTE 4 - PENSION COMMITMENTS

Employees of NELSA are covered under Social Security. No other pension plans are maintained.



NORTHEAST LOUISIANA SUBSTANCE ABUSE, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2011

	<u>CFDA NUMBER</u>	<u>AWARD PERIOD</u>	<u>EXPENDITURE</u>
Substance Abuse and Treatment Block Grant	93.959	7/01/10 6/30/11	<u>134,805</u>

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Northeast Louisiana Substance Abuse, Inc.  
Winnsboro, Louisiana

We have audited the financial statements of Northeast Louisiana Substance Abuse, Inc. (a nonprofit organization) as of and for the year ended June 30, 2011, and have issued our report thereon dated August 11, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Northeast Louisiana Substance Abuse, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northeast Louisiana Substance Abuse, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Northeast Louisiana Substance Abuse, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Directors, management, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

*Marcus, Robinson & Hassell*

Marcus, Robinson & Hassell

Winnsboro, Louisiana

August 11, 2011

NORTHEAST LOUISIANA SUBSTANCE ABUSE, INC.  
WINNSBORO, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

We have audited the financial statements of Northeast Louisiana Substance Abuse, Inc. (a nonprofit organization) as of and for the year ended June 30, 2011, and have issued our report thereon dated August 11, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2011 resulted in an unqualified opinion.

**SECTION I - SUMMARY OF THE AUDITOR'S RESULTS**

**A. Report on Internal Control and Compliance Material to the Financial Statements**

Internal Control

Material Weaknesses ☐ yes ☒ no      Significant Deficiency ☐ yes ☒ no

Compliance

Compliance Material to Financial Statements ☐ yes ☒ no

**B. Federal Awards**

Internal Control

Material Weaknesses ☐ yes ☒ no      Significant Deficiency ☐ yes ☒ no

Type of Opinion on Compliance  
For Major Program

Unqualified ☒      Qualified ☐  
Disclaimer ☐      Adverse ☐

Are their findings required to be reported in accordance with OMB Circular A-133, Section 510 (a)?

No

**Identification of Major Programs**

None Identified

Dollar threshold used to distinguish between Type A and Type B Programs \$300,000

Is the auditee a "low-risk" auditee as defined by OMB Circular A-133 ☒ yes ☐ no

**SECTION II - FINANCIAL STATEMENT FINDINGS**

NONE

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

NONE

NORTHEAST LOUISIANA SUBSTANCE ABUSE, INC.  
WINNSBORO, LOUISIANA

SCHEDULE OF PRIOR YEAR FINDINGS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

SECTION I - Internal Control and Compliance Material to the Financial Statement

FINDINGS

NONE

SECTION II - Management Letter

NONE ISSUED